

# **RIVERSIDE UNIFIED SCHOOL DISTRICT**

Audit Report

## **NOTIFICATION OF TRUANCY PROGRAM**

Chapter 498, Statutes of 1983;  
Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995;  
and Chapter 69, Statutes of 2007

*July 1, 2007, through June 30, 2010*



**JOHN CHIANG**  
California State Controller

February 2013



**JOHN CHIANG**  
**California State Controller**

February 22, 2013

Gayle Cloud, President  
Board of Education  
Riverside Unified School District  
3380 14<sup>th</sup> Street  
Riverside, CA 92501

Dear Mrs. Cloud:

The State Controller's Office audited the costs claimed by the Riverside Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2007, through June 30, 2010.

The district claimed \$796,110 (\$806,110 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit found that \$684,558 is allowable and \$111,552 is unallowable. The costs are unallowable because the district claimed unsupported, unallowable, and non-reimbursable initial truancy notifications. The State paid the district \$110,231. The State will pay allowable costs claimed that exceed the amount paid, totaling \$574,327, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at [www.csm.ca.gov/docs/IRCFORM.pdf](http://www.csm.ca.gov/docs/IRCFORM.pdf).

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/vb

cc: Richard L. Miller, Ph.D., Superintendent  
Riverside Unified School District  
Michael H. Fine, Deputy Superintendent  
Business Services and Governmental Relations  
Riverside Unified School District  
Timothy Walker, Executive Director of Pupil Services/SELPA  
Riverside Unified School District  
Annette Alvarez, Fiscal Services Manager  
Riverside Unified School District  
Gerald P. Colapinto, President, Board of Education  
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Scott Hannan, Director  
School Fiscal Services Division  
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Carol Bingham, Director  
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California Department of Education  
Thomas Todd, Assistant Program Budget Manager  
Education Systems Unit  
Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Riverside Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2007, through June 30, 2010.

The district claimed \$796,110 (\$806,110 less a \$10,000 penalty for filing a late claim) for the mandated program. Our audit found that \$684,558 is allowable and \$111,552 is unallowable. The costs are unallowable because the district claimed unsupported, unallowable, and non-reimbursable initial truancy notifications. The State paid the district \$110,231. The State will pay allowable costs claimed that exceed the amount paid, totaling \$574,327, contingent upon available appropriations.

## Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to additionally require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [CSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987. The CSM subsequently amended the parameters and guidelines four times, most recently on May 27, 2010. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

## **Objective, Scope, and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2007, through June 30, 2010.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## **Conclusion**

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Riverside Unified School District claimed \$796,110 (\$806,110 less a \$10,000 penalty for filing a late claim) for costs of the Notification of Truancy Program. Our audit disclosed that \$684,558 is allowable and \$111,552 is unallowable. The State paid the district \$110,231. The State will pay allowable costs claimed that exceed the amount paid, totaling \$574,327, contingent upon available appropriations.

## **Views of Responsible Official**

We issued a draft audit report on December 19, 2012. Michael H. Fine, Deputy Superintendent, Business Services and Governmental Relations, responded by letter dated January 18, 2013 (Attachment). The district disagreed with Findings 1 and 2, but did not dispute Finding 3. This final audit report includes the district's response.

**Restricted Use**

This report is solely for the information and use of the Riverside Unified School District, the Riverside County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

February 22, 2013

**Schedule 1—  
Summary of Program Costs  
July 1, 2007, through June 30, 2010**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference<sup>1</sup></u>
<u>July 1, 2007, through June 30, 2008</u>				
Number of initial truancy notifications	16,718	14,426	(2,292)	Findings 1, 2
Uniform cost allowance	× \$17.28	× \$17.28	× \$17.28	
Subtotal	\$ 288,887	\$ 249,280	\$ (39,607)	
Noncompliant initial truancy notifications	—	(31,160)	(31,160)	Finding 3
Less late filing penalty	(10,000)	(10,000)	—	
Total program costs <sup>2</sup>	<u>\$ 278,887</u>	208,120	<u>\$ (70,767)</u>	
Less amount paid by the State		(8)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 208,112</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Number of initial truancy notifications	16,130	14,243	(1,887)	Findings 1, 2
Uniform cost allowance	× \$17.74	× \$17.74	× \$17.74	
Total program costs <sup>2</sup>	<u>\$ 286,146</u>	\$ 252,670	<u>\$ (33,476)</u>	
Less amount paid by the State		(64,836)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 187,834</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Number of initial truancy notifications	12,931	12,522	(409)	Findings 1, 2
Uniform cost allowance	× \$17.87	× \$17.87	× \$17.87	
Total program costs <sup>2</sup>	<u>\$ 231,077</u>	\$ 223,768	<u>\$ (7,309)</u>	
Less amount paid by the State		(45,387)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 178,381</u>		
<u>Summary: July 1, 2007, through June 30, 2010</u>				
Total costs	\$ 806,110	\$ 694,558	\$ (111,552)	
Less late filing penalty	(10,000)	(10,000)	—	
Total program costs	<u>\$ 796,110</u>	684,558	<u>\$ (111,552)</u>	
Less amount paid by the state		(110,231)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 574,327</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Calculation differences due to rounding.

# Findings and Recommendations

## **FINDING 1— Overstated, understated, and unallowable initial truancy notifications**

For each fiscal year, the district either overstated or understated the total number of initial truancy notifications distributed. The district also claimed costs for unallowable initial truancy notifications. For the audit period, the district claimed unallowable costs totaling \$11,982. The costs were unallowable for the following reasons:

- The district's records show that the district overstated the total number of initial truancy notifications claimed for fiscal year (FY) 2007-08 and FY 2008-09, and understated the total number of notifications claimed for FY 2009-10.
- The district claimed initial truancy notifications distributed for students who attended charter schools. Charter school activities are not eligible for mandated program reimbursement.
- The district claimed initial truancy notifications distributed for independent study students. Independent study students are evaluated for compliance with their individual independent study agreements. They do not attend a normal class schedule and thus are not evaluated for normal school attendance tardiness and period or daily absences unless/until they return to a regular classroom schedule. Therefore, the initial truancy notification process is not applicable to independent study students.

The following table summarizes the audit adjustment:

	Fiscal Year			Total
	2007-08	2008-09	2009-10	
Number of notifications documented—daily attendance accounting	6,724	6,996	5,995	
Number of notifications documented—period attendance accounting	9,645	9,039	6,963	
Total number of notifications documented	16,369	16,035	12,958	
Less number of notifications claimed	(16,718)	(16,130)	(12,931)	
(Overstated)/understated number of notifications	(349)	(95)	27	
Uniform cost allowance	× \$17.28	× \$17.74	× \$17.87	
Audit adjustment	\$ (6,031)	\$ (1,685)	\$ 482	\$ (7,234)
Number of notifications distributed for charter school students	(6)	(1)	(4)	
Uniform cost allowance	× \$17.28	× \$17.74	× \$17.87	
Audit adjustment	\$ (104)	\$ (18)	\$ (71)	(193)
Number of notifications distributed for independent study students	(143)	(55)	(62)	
Uniform cost allowance	× \$17.28	× \$17.74	× \$17.87	
Audit adjustment	\$ (2,471)	\$ (976)	\$ (1,108)	(4,555)
Total audit adjustment	\$ (8,606)	\$ (2,679)	\$ (697)	\$ (11,982)

The program's parameters and guidelines instruct claimants to claim mandate-related costs as follows:

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

The parameters and guidelines also require claimants to maintain documentation that supports the total number of initial notifications of truancy distributed.

In addition, Government code section 17519 defines a "school district" as any school district, community college district, or county superintendent of schools. This definition does not include charter schools. As a result, charter school activities are not eligible for reimbursement under Government Code section 17560.

#### Recommendation

We recommend that the district claim the number of allowable initial truancy notifications that its records support. We also recommend that the district exclude from this count any notifications that it distributes for charter school and independent study students.

#### District's Response

The district did not dispute the overstated and understated total number of initial truancy notifications distributed. The district agreed with the audit adjustment for charter school students. The district disagreed with the audit adjustment related to independent study students. The district provided the following response:

The draft audit report does not state a legal basis to exclude independent study students from the attendance accounting system required by Title 5 or the mandated initial notice of truancy mandated by the California Education Code. The nature of the independent study course delivery and student evaluation does not exclude those students from the attendance accounting system absent some legal reason which has not be [sic] cited by the draft audit report.

#### SCO's Comment

The finding and recommendation are unchanged. The district disputed only the audit adjustment related to independent study students.

Education Code section 51747, subdivision (c)(7), specifies that independent study is an optional educational alternative to the student; no student may be required to participate. Education Code section 51747, subdivisions (a), (b), and (c), specify that districts evaluate an independent study student's satisfactory progress by establishing a maximum length of time that may elapse between the time an assignment is made and the date by which the student must complete the assigned work. Districts also determine the number of missed assignments that will be allowed before an evaluation is conducted to determine whether

the student should return to the regular school program. Thus, students are not held accountable to specific daily or period attendance and cannot be evaluated within the parameters of Education Code section 48260, subdivision (a).

The California Department of Education’s School Attendance Review Board Handbook addresses the evaluation of independent study students’ progress. It states in part:

However, many pupils do not meet the requirements of their written independent study agreements or do not show up for their independent study meetings. When pupils do not make progress in independent study or do not show up for their independent study meetings with teachers, they should be referred back for regular classroom instruction. If the pupils remain absent after being enrolled in the regular school classroom, further intervention activities at the school [i.e. compliance with Education Code section 48260, subdivision (a)] should begin immediately.

**FINDING 2—  
Non-reimbursable  
initial truancy  
notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$68,410. The district claimed notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program.

The district accounts for student attendance differently depending on the student’s grade level. Therefore, we stratified students into two groups: those students subject to daily attendance accounting and those subject to period attendance accounting. We excluded charter school and independent study students identified in Finding 1 from the population sampled.

The following table summarizes the notifications sampled:

	Fiscal Year		
	2007-08	2008-09	2009-10
Total notifications sampled, daily attendance accounting	<u>6,724</u>	<u>6,996</u>	<u>5,995</u>
Period attendance accounting:			
Documented notifications	9,645	9,039	6,963
Less number of notifications distributed for charter school students (Finding 1)	(6)	(1)	(4)
Less number of notifications distributed for independent study students (Finding 1)	<u>(143)</u>	<u>(55)</u>	<u>(62)</u>
Total notifications sampled, period attendance accounting	<u>9,496</u>	<u>8,983</u>	<u>6,897</u>

For each group of students, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used statistical samples so that we could project the sample results to the population.

Some initial truancy notifications were non-reimbursable for the following reasons:

- Students accumulated fewer than three unexcused absences or tardiness occurrences while between ages 6 and 18.
- Students accumulated fewer than three total unexcused absences or tardiness occurrences during the school year.

The following table summarizes the non-reimbursable initial truancy notifications identified in our statistical samples:

	Fiscal Year		
	2007-08	2008-09	2009-10
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Daily attendance accounting:			
Fewer than three while between ages 6 and 18	(22)	(20)	(8)
Fewer than three total	(6)	(5)	(1)
Unallowable initial truancy notifications, daily attendance accounting	<u>(28)</u>	<u>(25)</u>	<u>(9)</u>
Period attendance accounting:			
Fewer than three while between ages 6 and 18	<u>8</u>	<u>9</u>	<u>—</u>

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each group sampled:

	Fiscal Year			Total
	2007-08	2008-09	2009-10	
Daily attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(28)	(25)	(9)	
Statistical sample size	÷ 147	÷ 147	÷ 146	
Unallowable percentage	(19.05)%	(17.01)%	(6.16)%	
Population sampled	× 6,724	× 6,996	× 5,995	
Extrapolated number of unallowable initial truancy notifications	(1,281)	(1,190)	(370)	
Uniform cost allowable	× \$17.28	× \$17.74	× \$17.87	
Audit adjustment, daily attendance accounting <sup>1</sup>	<u>\$ (22,136)</u>	<u>\$ (21,111)</u>	<u>\$ (6,612)</u>	<u>\$ (49,859)</u>

	Fiscal Year			Total
	2007-08	2008-09	2009-10	
Period attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(8)	(9)		
Statistical sample size	÷ 148	÷ 148		
Unallowable percentage	(5.41)%	(6.08)%		
Population sampled	× 9,496	× 8,983		
Extrapolated number of unallowable initial truancy notifications	(513)	(546)		
Uniform cost allowable	× \$17.28	× \$17.74		
Audit adjustment, period attendance accounting <sup>1</sup>	\$ (8,865)	\$ (9,686)	—	(18,551)
Total audit adjustment	\$ (31,001)	\$ (30,797)	\$ (6,612)	\$ (68,410)

<sup>1</sup> Calculation differences due to rounding.

Education Code section 48260, subdivision (a), as amended in 1994, states:

*Any pupil subject to compulsory full-time education or to compulsory continuation education [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .*

Education Code section 48200 states that children between ages 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before a student’s 6<sup>th</sup> birthday or after a student’s 18<sup>th</sup> birthday are not relevant when determining whether a student is a truant.

The parameters and guidelines state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notifications only for those students who meet the truancy definition provided in the parameters and guidelines.

### District's Response

The district did not dispute the audit adjustment related to students who accumulated fewer than three total unexcused absences or tardiness occurrences during the school year. The district disagreed with the use of statistical sampling and the exclusion of unexcused absences that did not occur between students' 6<sup>th</sup> and 18<sup>th</sup> birthdays. The district's response is as follows:

This finding is based on statistical sampling. The draft audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on an extrapolation of a statistical sample. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (California Government Code Section 17561(d) (2)). It would, therefore, appear that the findings are based upon the wrong standard for review.

Statistical sampling was used for the two previous Controller audits of this mandate program at this District. . . . The District's objections to the statistical sampling were stated in its two incorrect reduction claims and those objections apply to this third audit. . . .

A total of 67 (50+17) of the notices sampled were disallowed because of the student's age at the time of the unexcused absences. That is, the student was younger than 6 years and [*sic*] older than 17 years at the time some or all of the absences were accrued which is outside the compulsory attendance law (California Education Code Section 48200). However, the District has statutory duties to enroll some children who are five-years old at the beginning of the school year and 18 years old at the end of the school year, as well as continue to enroll special education students through age 21. To the extent that these particular circumstances occur for any of the sampled students, the disallowance is without legal authority and the sampled student is statistically not representative of the universe. The adjustments that result from the statistical sampling should be withdrawn as unrepresentative and unsupported by law. . . .

### SCO's Comment

The finding and recommendation are unchanged. The district did not provide additional documentation to refute the audit finding.

The district states, "The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard. . . ." We disagree on two points.

We do assert that the claimed costs were excessive. Excessive is defined as "Exceeding what is usual, *proper* [emphasis added], necessary, or normal." <sup>1</sup> The district filed claims that were improper because the district claimed costs that are not reimbursable under the mandated program.

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<sup>1</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

Further, Government Code section 17561, subdivision (d)(2)(B) is not the only applicable audit standard. Government Code section 17561, subdivision (d)(2)(A)(i) states that the SCO may audit the records of any school district “to verify the actual amount of the mandated costs.”

Finally, Government Code section 12410 states, “The Controller shall audit *all claims* [emphasis added] against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.”

The district states that we cited no statutory or regulatory authority to “reduce claimed reimbursement based on an extrapolation of a statistical sample.” As the district previously indicated, Government Code section 17561, subdivision (d)(2) allows the SCO to reduce any claim that it determines is excessive or unreasonable. We properly used statistical sampling in our audit to reach such a determination.

We conducted our audit according to generally accepted government auditing standards (*Government Auditing Standards*, issued by the U.S. Government Accountability Office, July 2007). *Government Auditing Standards*, section 1.03, states, “The professional standards and guidance contained in this document . . . provide a framework for conducting high quality government audits and attestation engagements with competence, integrity, objectivity, and independence.” The standards recognize statistical sampling as an acceptable method to provide sufficient, appropriate evidence. *Government Auditing Standards*, section 7.55, states, “Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions.” Section 7.56 states, “Appropriateness is the measure of the quality of evidence. . . .” In further discussing appropriateness, section 7.63 states, “When a representative sample is needed, the use of statistical sampling approaches generally result in stronger evidence. . . .” Thus, statistical sampling provides appropriate evidence to determine whether the district’s claims are excessive or unreasonable.

Regarding unexcused absences or tardiness occurrences that did not occur between students’ 6<sup>th</sup> and 18<sup>th</sup> birthdays, the district states that it has “statutory duties” to enroll some students before age 6 or after age 18. The district confuses students’ statutory *requirement* to attend school between ages 6 and 18 with students’ *entitlement* to attend outside of that age range. Education Code section 48260, subdivision (a), states:

A pupil *subject to compulsory full-time education or to compulsory continuation education* [emphasis added] who is absent from school without a valid excuse three full days in one school year or tardy or absent for more than a 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, shall be classified as a truant. . . .

Education Code section 48200 states:

Each person *between the ages of 6 and 18 years* [emphasis added] not exempted . . . is subject to compulsory full-time education.

While the district is obligated to enroll the student before age 6 or after age 18, the student is not obligated to attend. Therefore, student absences that occur before a student's 6<sup>th</sup> birthday or after a student's 18<sup>th</sup> birthday are irrelevant in determining whether a student is truant.

**FINDING 3—  
Noncompliant initial  
truancy notifications**

The district claimed unallowable costs totaling \$31,160 for FY 2007-08. The costs are unallowable because the district distributed initial truancy notifications that did not comply with the parameters and guidelines.

The parameters and guidelines require that districts distribute initial truancy notifications that notify parents/guardians of the following eight items:

1. The pupil is truant.
2. The parent or guardian is obligated to compel the attendance of the pupil at school.
3. Parents or guardians who fail to meet the obligation specified in item 2 may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with Section 48290) of Chapter 2 of Part 27.
4. Alternative educational programs are available in the district.
5. The parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.
6. The pupil may be subject to prosecution under Education Code section 48264.
7. The pupil may be subject to suspension, restriction, or delay of the pupil's driving privileges pursuant to Vehicle Code section 13202.7.
8. It is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

The district distributed initial truancy notifications that did not include the sixth item identified above. Therefore, 1/8 (12.5%) of the unit cost allowance for each notification is unallowable.

The following table summarizes the audit adjustment:

	Fiscal Year 2007-08
Number of notifications documented	16,369
Less charter school students (Finding 1)	(6)
Less independent study students (Finding 1)	(143)
Less nonreimbursable notifications, daily attendance accounting (Finding 2)	(1,281)
Less nonreimbursable notifications, period attendance accounting (Finding 2)	(513)
Allowable initial truancy notifications	14,426
Uniform cost allowance	× \$17.28
Subtotal <sup>1</sup>	\$ 249,280
Unallowable percentage	× (12.5)%
Audit adjustment	<u>\$ (31,160)</u>

<sup>1</sup> Calculation difference due to rounding.

#### Recommendation

We recommend that the district ensure that all initial truancy notifications contain the minimum information required by the parameters and guidelines.

#### District's Response

The district stated that it does not dispute the audit finding at this time.

The district's response included a public records request. The district's response and SCO's comment are as follows:

#### **OTHER ISSUE— Public records request**

#### District's Response

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period relevant to the findings, and specifically, the Controller's legal authority to use statistical sampling to adjust claims and to disallow notices sent to students whose attendance is otherwise required by law. . . .

#### SCO's Comment

The SCO will respond to the district's request separate from this report.

**Attachment—  
District’s Response to  
Draft Audit Report**

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BOARD OF EDUCATION  
 Mrs. Gayle Cloud  
 President  
 Charles L. Beaty Ph.D.  
 Vice President  
 Mrs. Kathy Y. Allavie  
 Clerk  
 Mr. Tom Hunt  
 Mrs. Patricia Lock-Dawson

**Riverside Unified School District**

ADMINISTRATION BUILDING  
 3380 14TH STREET - P. O. BOX 2800  
 RIVERSIDE, CALIFORNIA 92516

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 (951) 788-7131  
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RICHARD L. MILLER, PH.D.  
 District Superintendent



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 18, 2013

Jim L. Spano, Chief  
 Mandated Cost Audits Bureau  
 Division of Audits  
 State Controller's Office  
 P.O. Box 942850  
 Sacramento, CA 94250-5874

Re: Chapter 498, Statutes of 1983  
 Notification of Truancy (Third Audit)  
 Fiscal Years: 2007-08, 2008-09, and 2009-10  
Riverside Unified School District

Dear Mr. Spano:

This letter is the response of the Riverside Unified School District to the letter from Jeffrey V. Brownfield, Chief, Division of Audits, dated December 19, 2012, and received by the District on January 7, 2013, that transmitted the draft audit report of the District's Notification of Truancy mandate reimbursement annual claims for the period of July 1, 2007 through June 30, 2010.

**FINDING 1 - Overstated, understated, and unallowable initial truancy notifications**

This finding disallows \$11,982 (688 notifications) from the total number of notifications claimed. There are three sources for the total adjustment to allowable notifications:

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>Total</u>
A. No documentation	<349>	<95>	27	<417>

The District does not dispute this adjustment at this time. The District has not located the additional supporting documentation requested by the auditor after an extensive search. These 417 notices represent about one-percent of the total 45,779 notices claimed for the three fiscal years.

B. Charter school students	<6>	<1>	<4>	<11>
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The District agrees with the adjustment. The Charter schools were incorrectly included in the number of notices claimed as a result of software error when extracting relevant information from the attendance accounting system that has been corrected.

C. Independent Study <143> <55> <62> <260>

The District does not agree with this adjustment. This has not been a finding in previous audits of this District. The draft audit report states:

*The district claimed initial truancy notifications distributed for independent study students. Independent study students are evaluated for compliance with their individual independent study agreements. They do not attend a normal class schedule and thus are not evaluated for normal school attendance tardiness and period or daily absences unless/until they return to a regular classroom schedule. Therefore, the initial truancy notification process is not applicable to independent study students.*

The draft audit report does not state a legal basis to exclude independent study students from the attendance accounting system required by Title 5 or the mandated initial notice of truancy mandated by the California Education Code. The nature of the independent study course delivery and student evaluation does not exclude those students from the attendance accounting system absent some legal reason which has not be cited by the draft audit report.

**FINDING 2- Non-reimbursable initial truancy notifications**

The draft audit report concludes that the District claimed costs for non-reimbursable initial truancy notifications in the amount of \$68,410 for Fiscal Years 2007-08, 2008-09, and 2009-10. This represents about 8.5% of the total claimed amount of \$806,110 for the three fiscal years.

This Finding is based on statistical sampling. The draft audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on an extrapolation of a statistical sample. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (California Government Code Section 17561(d) (2)). It would, therefore, appear that the findings are based upon the wrong standard for review.

Statistical sampling was used for the two previous Controller audits of this mandate program at this District and at about twenty other districts. This District and other districts have filed incorrect reduction claims with the Commission on State Mandates to appeal the Controller's use of sampling for this mandate program. Those appeals are still pending Commission action. The District's objections to the statistical sampling were stated in its two incorrect reduction claims and those objections apply to this third audit.

<u>DISALLOWANCE REASON</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>TOTAL</u>
<u>Daily Attendance</u>				
Underage (less than 6 years)	22	20	8	50
Less than 3 Absences	<u>6</u>	<u>5</u>	<u>1</u>	<u>12</u>
Total Disallowed	28	25	9	62
Sample Size	147	147	146	
Percentage Disallowance	19.05%	17.01%	6.16%	

Period Attendance

Overage (18 years plus)	8	9	17
Less than 3 Absences			
Total Disallowed	<u>8</u>	<u>9</u>	<u>17</u>
Sample Size	148	148	
Percentage Disallowance	5.41%	6.08%	

A. AGE OF STUDENT

A total of 67 (50+17) of the notices sampled were disallowed because of the student's age at the time of the unexcused absences. That is, the student was younger than 6 years and older than 17 years at the time some or all of the absences were accrued which is outside the compulsory attendance law (California Education Code Section 48200). However, the District has statutory duties to enroll some children who are five-years old at the beginning of the school year and 18 years old at the end of the school year, as well as continue to enroll special education students through age 21. To the extent that these particular circumstances occur for any of the sampled students, the disallowance is without legal authority and the sampled student is statistically not representative of the universe. The adjustments that result from the statistical sampling should be withdrawn as unrepresentative and unsupported by law. The District's objections to disallowance were stated in its two incorrect reduction claims and those objections apply to this third audit.

B. INSUFFICIENT NUMBER OF ABSENCES

These 12 sampled notices were disallowed for lack of documentation to support the three required unexcused absences or tardies required by California Education Code Section 48260. The District does not dispute the documentation issue at this time. The District has not located the additional supporting documentation requested by the auditor after an extensive search.

**FINDING 3- Noncompliant initial truancy notifications**

The draft audit report disallows \$31,160 (12.5%) of the FY 2007-08 claimed notices as noncompliant with California Education Code Section 48260.5 since item six (the reference to Section 48264 arrest of minors) of the eight notice elements was not included. In the previous (second) audit, the draft and final audit report disallowed 100% of the FY 2006-07 claimed notices as noncompliant with Section 48260.5 because the sixth element was missing. The second audit was later revised to reduce the adjustment to 12.5%, as it is for FY 2007-08. The District's initial notification of truancy was updated to include the missing sixth item in FY 2008-09.

The District's FY 2006-07 and FY 2007-08 initial notifications of truancy more than substantially complied with California Education Code Section 48260.5. The notice provided a summary of the code section, but does not specifically cite Section 48264. Section 48264, which states that truants are subject to arrest, has been state law in some form since 1903. It permits discretionary *noncriminal* custody arrests during school hours of students away from home and not in school. A Section 48264 detention does not depend on the occurrence or documentation of either three or more absences or tardies and thus a Section 48260.5 notice is not a condition precedent to the enforcement of Section 48264. The student is subject to this penalty at any time, before and after the Section 48260.5 notice,

Mr. Jim Spano, State Controller's Office

January 18, 2013

so the lack of citation of Section 48264 in the initial notification of truancy was substantively insignificant.

However, the reduction of the adjustment to 12.5% appears to be one solution to the imprecision of the California Education Code language, and the District does not dispute this adjustment at this time.

**Public Records Request**

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period relevant to the findings, and specifically, the Controller's legal authority to use statistical sampling to adjust claims and to disallow notices sent to students whose attendance is otherwise required by law.

Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within ten days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in your possession and promptly notify the requesting party of that determination and the reasons therefore. Also, as required, when so notifying the District please state the estimated date and time when the records will be made available.

Sincerely,



Michael H. Fine  
Deputy Superintendent  
Business Services & Governmental Relations

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